REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL ON KAROO HOOGLAND LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the financial statements of the Karoo Hoogland Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matter described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Accumulated surplus

4. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for accumulated surplus. As described in note 33 to the financial statements, the restatement was made in order to rectify prior year misstatements. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustment to the accumulated surplus corresponding figure stated at R173 700 715 in the financial statements was necessary.

Property, plant and equipment

5. I was unable to obtain sufficient appropriate audit evidence regarding the existence of property, plant and equipment of R30 868 724. I was unable to confirm the physical assets by alternative means. Consequently I was unable to determine whether any adjustment relating to property, plant and equipment stated at R163 710 210 (2011: R161 598 98) in the financial statements was necessary.

Commitments

6. The municipality did not have adequate systems in place to maintain records of commitments, which resulted in commitments being understated by R6 730 052 (2011: R11 629 158). I was not able to determine the full extent of the understatement in commitments as it was impracticable to do so.

7. I could not obtain sufficient appropriate audit evidence for an unexplained difference of R731 675 between the comparative amount disclosed in the current year financial

statements and the financial statements for the year ended 30 June 2011 and I could not confirm this by alternative means.

Revenue

8. I could not obtain sufficient appropriate audit evidence for an unexplained difference of R5 345 834 between the amount per the trial balance and the amount disclosed in the financial statements and I could not confirm this by alternative means.

9. The municipality did not have adequate systems in place to ensure that all municipal consumers are charged for electricity in line with the approved tariff list during the year, as required by GRAP 9, Revenue from Exchange Transactions. I was unable to quantify the amount of misstatement on the annual financial statements as it was impracticable to do so, consequently revenue from exchange transactions and trade and other receivables from exchange transactions is misstated with an undetermined amount. Additionally, there is a consequential impact on the surplus and accumulated surplus for the period.

10. The municipality recognised items that did not meet the definition of revenue in accordance with GRAP 23 *Revenue from Non-exchange transactions*, and also did not measure revenue at the fair value of the consideration received or receivable as required by the standard. Consequently, property taxes revenue and receivables was overstated by R1 800 409 as a result of the incorrect tariff used to calculate property taxes.

11. The municipality did not recognise revenue transferred from unspent conditional grants exclusive of VAT in accordance with Standard of Generally Recognised Accounting Practice, GRAP 23, *Revenue from Non-exchange transactions*. Consequently, unspent conditional grants is understated and revenue is overstated by R1 260 046. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

12. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all grants received for the current year due to an unexplained difference of R6 575 000 between the recorded amount and the allocation schedule received from Treasury. I was unable to confirm the grants received by alternative means. Consequently, I was unable to determine whether any adjustment to transfer revenue stated at R43 489 530 in the financial statements was necessary.

13. Revenue of R13 476 581 for grants was not recognised in accordance with Standard of Generally Recognised Accounting Practice, GRAP 23, *Revenue from non-exchange transactions* during 2011. Had the grant been recognised as prescribed, revenue and expenditure would have been decreased by R13 476 581 respectively. My audit opinion on the financial statements for the period ended 30 June 2011 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

Accounts receivable

14. I could not obtain sufficient appropriate audit evidence for an unexplained difference of R2 307 270 between the amount per the trial balance and the amount disclosed in the financial statements and I could not confirm this by alternative means.

15. In terms of GRAP 104, the municipality must assess at each reporting date whether a financial asset or group of financial assets is impaired. The municipality did not recognise a provision for an impairment loss in accordance with the Standard of

Generally Recognised Accounting Practice, GRAP 104, *Financial Instruments*, as the basis for the calculation of the impairment loss did not comply with the stipulations of GRAP 104. Receivables from exchange transactions with a gross carrying amount of R11 047 797 and receivables from non-exchange transactions with a gross carrying amount of R3 324 483 are included in notes 14 and 15 to the financial statements without a proper assessment having been made of the recoverability of these debtors. I have not determined the correct carrying amount of receivables, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the amount disclosed for receivables from exchange and non-exchange transactions.

16. The municipality did not classify accounts receivable in accordance with Standard of Generally Recognised Accounting Practice, GRAP 1, *Presentation* of *Financial Statements*. Accounts receivable that will not be realised within twelve months of R4 233 927 was incorrectly classified as current assets.

Irregular expenditure

17. I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all irregular expenditure for the current year due to payments made by the municipality in contravention of the supply chain management requirements. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to irregular expenditure stated at R1 300 479 (2011: R3 446 401) in the financial statements was necessary.

Long-term liabilities

18. I could not obtain sufficient appropriate audit evidence for an unexplained difference of R1 217 227 between the amount per the trial balance and the amount disclosed in the financial statements and I could not confirm this by alternative means.

Accounts payable

19. The municipality did not recognise outstanding amounts meeting the definition of a liability in accordance with Generally Recognised Accounting Practice, GRAP 1, *Presentation of financial statements*. As the municipality did not maintain adequate records of retention fees withheld on goods and services received but not yet paid at year-end, consequently, property, plant and equipment and accounts payable are understated by R682 711 respectively.

Expenditure

20. I could not obtain sufficient appropriate audit evidence for an unexplained difference of R541 386 between the amount per the trial balance and the amount disclosed in the financial statements of operating grant expenditure. In addition to the above, sufficient appropriate audit evidence could not be obtained for an unexplained difference of R2 464 331 between the statement of financial performance and note 31 to the financial statements. This could not be confirmed by alternative means.

21. The municipality did not recognise expenditure incurred meeting the definition of expenditure in accordance with Generally Recognised Accounting Practice, GRAP 1, *Presentation of financial statements*. The municipality incorrectly recognised the overspending of conditional grants as an asset. Consequently, expenditure is understated and current assets is overstated by R724 111. Additionally, there is a consequential impact on the surplus for the period and the accumulated surplus.

Unauthorised expenditure

22. The municipality did not include particulars of unauthorised expenditure in the note 38.1 to the financial statements as required by section 122(1)(b) of the MFMA. The municipality exceeded the budget per vote, and this was not included in unauthorised expenditure, resulting in unauthorised expenditure being understated by R3 195 922.

Taxes

23. During 2011, I was unable to obtain sufficient appropriate audit evidence for value-added tax (VAT) and to confirm the VAT by alternative means. Consequently, I was unable to determine whether any adjustment to VAT stated at R1 339 was necessary. My audit opinion on the financial statements for the period ended 30 June 2011 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.

24. The VAT payable, expenditure and revenue was overstated and unspent conditional grants understated with R338 088, as output tax on conditional grant income was erroneously recorded as part of expenditure in the accounting records of the municipality.

Key management personnel

25. The municipality did not disclose the remuneration of key management personnel in accordance with the Standard of Generally Recognised Accounting Practice, GRAP 20, *Related Party Disclosures*. The remuneration of key management personnel should be disclosed in total and for each of the following categories: short-term employee benefits; post-employment benefits; other long-term benefits; termination benefits and share-based payments.

Cash flow statement

26. I was unable to obtain sufficient appropriate audit evidence to determine whether the cash flow statement and the related notes were fairly stated. Taking into account the misstatements and scope limitations identified in the financial statements, as set out in this report, I was unable to practically quantify the misstatements in the cash flow statement and notes thereto. Consequently, I was unable to determine the correctness of the cash flow statement and related notes.

Disclaimer of opinion

27. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

28. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

29. As disclosed in note 33 to the financial statements, the corresponding figures for 30 June 2011 have been restated as a result of errors discovered in the financial statements of the Karoo Hoogland Local Municipality at, and for the year ended, 30 June 2011.

Material losses and impairments

30. As disclosed in note 14 and 15 to the financial statements, a significant provision for the impairment of receivables from exchange transactions and non-exchange transactions was created which constitutes 65% and 60% of the total receivables from exchange transactions and non-exchange transactions balance respectively.

31. As disclosed in note 38.6 to the financial statements, a material loss to the amount of R1 068 828 were incurred as a result of the distribution of electricity.

Additional matter

32. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material inconsistencies in other information included in the annual report

33. I have not obtained the other information included in the annual report and have not been able to identify any material inconsistencies in the financial statements.

Unaudited supplementary schedules

34. The supplementary information set out in pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

35. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

36. I am unable to report on the usefulness and reliability of the performance information, as the annual performance report of the municipality was not prepared as required by section 46 of the MSA and section 121(3)(c) of the MFMA.

Compliance with laws and regulations

37. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic planning and performance management

38. The performance management system of the municipality was not in line with the priorities, objectives, indicators and targets contained in its integrated development plan and did not clarify the roles and responsibilities of each role-player in the functioning of the system and did not determine the frequency of reporting and the lines of accountability for performance and did not relate to the municipality's performance management processes and did not provide for procedures by which the system is linked to the municipality's integrated development planning processes, as required by section 38(a) of the Municipal Systems Act and Municipal planning and performance management regulation 7(2)(c), (e), (f) and (g).

39. The performance management system of the municipality did not provide for the monitoring of performance and for the measuring and review of performance at least

once per year, with regard to each of those development priorities and objectives and against the key performance indicators and targets set, as required by section 41 of the Municipal Systems Act.

40. The performance management system of the municipality did not provide for taking steps to improve performance with regard to those development priorities and objectives where performance targets are not met, as required by section 41 (1)(d) of the Municipal Systems Act.

41. The municipality did not establish mechanisms to monitor and review its performance management system, as required by section 40 of the Municipal Systems Act.

42. The municipality did not set key performance indicators, including input indicators, output indicators and outcome indicators, in respect of each of the development priorities and objectives set out in the IDP, as required by section 41(1)(a) of the Municipal Systems Act and the Municipal planning and performance management regulation 1 and 9(1)(a).

43. The municipality did not set measurable performance targets for the financial year with regard to each of the development priorities and objectives and key performance indicators set out in the IDP, as required by section 41(1)(b) of the Municipal Systems Act and the Municipal planning and performance management regulation 12(1) and 12(2)(e).

44. Revisions to the service delivery and budget implementation plan were not approved by the council after the approval of the adjustments budget, as required by section 54(1)(c) of the MFMA.

45. The accounting officer of the municipality did not by 25 January assess the performance of the municipality during the first half of the financial year, as required by section 72(1)(a)(ii) of the MFMA.

46. A performance audit committee was not in place and the audit committee was not used to fulfil the performance audit committee function, as required by Municipal planning and performance management regulation 14(2)(a).

47. The performance audit committee did not meet at least twice during the financial year, as required by Municipal planning and performance management regulation 14(3)(a).

48. The audit committee could not review the municipality's performance management system and/or make recommendations to the council, as required by Municipal planning and performance management regulation 14(4)(a)(ii).

49. The performance audit committee/audit committee could not review all the quarterly internal audit reports on performance measurement, as required by Municipal planning and performance management regulation 14(4)(a)(i).

50. The audit committee could not submit, at least twice during the financial year, an audit report on the review of the performance management system to the council, as required by Municipal planning and performance management regulation 14(4)(a)(iii).

51. The internal audit could not audit the results of performance measurements, as required by section 45(1)(a) of the Municipal Systems Act and Municipal planning and performance management regulation 14(1)(a).

52. The internal audit unit could not assess the functionality of the performance management system, as required by Municipal planning and performance management regulation 14(1)(b)(i).

53. The internal audit unit could not assess the extent to which the performance measurements were reliable in measuring the performance of the municipality on key and general performance indicators, as required by Municipal planning and performance management regulation 14(1)(b)(iii)..

54. The internal audit unit could not audit the performance measurements on a continuous basis and submitted quarterly reports on their audits to the municipal manager and the performance audit committee, as required by Municipal planning and performance management regulation 14(1)(c).

55. The annual performance report for the financial year under review was not prepared and was not included in the annual report, as required by section 46 of the Municipal Systems Act and section 121(3)(c) of the MFMA.

56. The annual performance report for the financial year under review was not prepared and was not included in the annual report, as required by section 46 of the Municipal Systems Act and section 121(3)(c) of the MFMA.

57. The municipality did not have and maintain effective, efficient and transparent systems of financial and risk management and internal controls as required by section 62(1)(c)(i) of the MFMA.

Budget

58. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

59. The 2012 adjustment budget was not approved by the council, as required by Municipal Budget and Reporting Regulation 25.

60. Sufficient appropriate audit evidence could not be obtained that monthly budget statements were submitted to the mayor, as required by section 71(1) of the MFMA.

Financial statements, performance and annual reports

61. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA

62. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.

63. Financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

Audit committees

64. The audit committee did not advise the council and accounting officer on matters relating to risk management, accounting policies performance management and performance evaluation as required by section 166(2)(a) of the MFMA.

65. The audit committee did not advise the council and accounting officer on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

66. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with legislation, as required by section 166(2)(b) of the MFMA.

Expenditure management

67. Money owing by the municipality was not always paid within 30 days or an agreed period, as required by section 65(2)(e) of the MFMA.

68. Payments were made without the approval of the accounting officer or a properly authorised official as required by section 11(1) of the MFMA.

69. An effective system of expenditure control, including procedures for the, was not in place, as required by section 65(2)(a) of the MFMA.

70. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

Asset management

71. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

Liability management

72. An adequate management, accounting and information system which accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

73. An effective system of internal control for liabilities (including a liability register) was not in place, as required by section 63(2)(c) of the MFMA.

Consequences management

74. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

75. Irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

76. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, in accordance with the requirements of section 32(2) of the MFMA.

77. The condoning of irregular expenditure was not approved by the appropriate relevant authority, in accordance with the requirements of sections 1 and 170 of the MFMA.

78. Unauthorised, irregular, fruitless and wasteful expenditure was not always recovered from the liable person, as required by section 32(2) of the MFMA.

79. Unauthorised, irregular, fruitless and wasteful expenditure was written-off as irrecoverable without being certified by council as irrecoverable, as required by section 32(2) of the MFMA.

80. Authorisation of unauthorised expenditure was not done through an adjustment budget, as required by section 32(2) of the Municipal Financial Management Act.

81. The accounting officer and council did not always report to the South African Police Service cases of alleged irregular expenditure that constituted a criminal offence, as required by section 32(6) of the MFMA.

82. Allegations of failure to comply with the supply chain management system laid against officials and role players were not investigated by the accounting officer, as required by Municipal Supply Chain Management Regulation 38(1)(b).

Procurement and contract management

83. Goods and services with a transaction value of below R200 000 were procured without obtaining the required price quotations as required by SCM regulation 17(a) and (c).

84. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).

85. Invitations for competitive bidding were not always advertised for a required minimum period of days, as required by SCM regulation 22(1) and 22(2).

86. The preference point system was not applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

87. Sufficient appropriate audit evidence could not be obtained that quotations were only awarded to providers whose tax matters have been declared by the South African Revenue Service to be in order as required by SCM regulation 43.

88. Contracts were extended without tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

89. Contracts were extended or modified without the approval of a properly delegated official, as required by SCM Regulation 5.

90. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

91. Construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB), in accordance with section 18(1) of the CIDB Act.

92. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act and CIDB regulation 18.

93. Quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

94. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).

95. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

96. The municipality did not implement an SCM policy as required by section 111 of the MFMA.

97. Sufficient appropriate audit evidence could not be obtained that all contracts and quotations were awarded in accordance with the legislative requirements and a procurement process which is fair, equitable, transparent and competitive, as proper contracts are in place.

Human resource management

98. The competencies of financial officials were not assessed in a timely manner in order to identify and address gaps in competency levels as required by the Municipal Regulations on Minimum Competency Levels Regulation 13.

99. The municipality did not submit a report on compliance with prescribed competency levels to the National Treasury and relevant provincial treasury as required by the Regulations on Minimum Competency Levels Regulation 14(2)(a).

100. The annual report of the municipality did not reflect information on compliance with prescribed minimum competencies as required by the Regulations on Minimum Competency Levels Regulation 14(2)(b).

101. The municipality did not develop and adopt appropriate systems (policies) and procedures to monitor, measure and evaluate performance of staff in contravention of MSA Section 67(d).

102. The municipal manager and senior managers directly accountable to the municipal manager did not sign performance agreements, as required by section 57(2)(a) Municipal Systems Act.

103. Bonuses were awarded to the municipal manager and senior managers directly accountable to the municipal manager without the annual report for the financial year under review being tabled as required by section 57(4)(b) Municipal Systems Act.

Internal control

104. I considered internal control relevant to my audit of the financial statements, annual section 47 performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual section 47 performance report and the findings on compliance with laws and regulations included in this report.

Leadership

105. The accounting officer did not exercise oversight responsibility over the preparation of the financial statements, the report on predetermined objectives, compliance with laws and regulations, and internal control. The leadership did not implement processes to ensure that reviews took place before information was submitted. This was evidenced

by the material misstatements in the financial statements, non-compliance with laws and regulations and internal control deficiencies noted throughout the audit process.

106. The accounting officer did not provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the interests of the municipality.

107. Senior management did not adhere to internal controls, which resulted in various instances of irregular, fruitless and wasteful and unauthorised expenditure being incurred and other material misstatements in the financial statements, not detected by management.

108. There is no indication that the accounting officer has established, updated and communicated policies and procedures to enable and support the understanding and execution of internal control objectives, processes, and responsibilities within the municipality.

109. The accounting officer did not develop and monitor the implementation of action plans to address internal control deficiencies. There was no oversight responsibility within the municipality and measures taken in ensuring that prior period issues are completely addressed and no monitoring of measures taken were exercised to ensure that the prior period audit opinion is minimised.

Financial and performance management

110. Manual or automated controls were not designed to ensure that the transactions had occurred, were authorised and were completely and accurately processed in all instances, while the system of internal control was not adequately designed. Certain corrective measures were not implemented to address the shortcomings in the financial statements and related systems.

111. Material misstatements were made in the financial statements as these were not accurate and complete, because senior management did not detect misstatements during the review process. This indicates that there were weaknesses in internal control with regard to the review process of the financial statements. Furthermore, the financial statements were not sufficiently reviewed for completeness and accuracy prior to submission for auditing.

112. There were deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.

113. The supply chain management unit of the municipality did not always function effectively. The necessary procedures were not always followed.

114. Specific training interventions are needed in the municipality to enable finance staff members to understand and implement the GRAP Financial Reporting Framework effectively in order to fully meet the disclosure requirements of these standards.

Governance

115. Appropriate a risk management activity was not implemented to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored.

116. The audit committee did not promote accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Auditor - General

Kimberley

18 June 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence